THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) Yes, Sir. The United Planters' Association of Southern India had made representation in April, 1979 requesting that instructions may be issued to the income-tax authorities not to levy income-tax on replanting subsidy paid to rubber growers.

(c) The matter was considered by the Central Board of Direct Taxes in consultation with the Ministry of Law and the Board were advised that the subsidy received for replantation was a revenue receipt in the case of the recipient and, therefore, if his income was liable to tax, the subsidy would be taxable in his hands.

Fraud on the State Bank of India

2393. SHRI O. J. JOSEPH: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a news-item published in the Bombay edition of the "Indian Express" of 20th July, 1985 regarding a fraud of Rs. 5 crores on the State Bank of India; and

(b) if so, what are the details thereof and what is the extent of involvement of Canara Bank in this fraud and what steps are being taken by Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) Yes, Sir.

(b) M/s Intercorp Associates and M/s Shaktiman Enterprises were granted certain bills discounting limits at Bombay (Colaba) branch of Canara Bank and these bills were drawn on another sister concern 'Investments and Ventures Consolidated' at Bangalore. These were co-accepted by the Bangalore (Shivajinagar) branch of State Bank of India. The bills were discounted from June, 1984. When the bills matured in December, 1984, fresh bills were discounted and earlier bills were adjusted. In February, 1985 all bills were paid before maturity out of funds received from Bangalore. At present there are no liabilities of the unit at Bombay (Colaba) branch of Canara Bank. However, according to the Reserve Bank of India, there had been serious irregularities in the sanction and operation of the accounts.

The transactions in the accounts of M/s Intercorp Associates and M/s Shaktiman Enterprises are linked to the fraud of Rs. 3.50 crores at the Bangalore (Shivajinagar) branch of State Bank of India. M/s Intercorp Associates were having a current account at that branch also and the Branch Manager was purchasing cheques for large amounts in the accounts unauthorisedly. In February, 1985, he purchased seven cheques for an aggregate amount of Rs. 3.50 crores from the party drawn on Oriental Bank of Commerce, New Delhi, but the cheques were returned unpaid and the branch was sadled with dues amounting to Rs. 3.50 crores. Out of the proceeds of the above cheques purchased from the party, the liabilities to Colaba (Bombay) branch of Canara Bank were cleared through the bank's Banglore (Langford Town) branch. At the end of May 1985, the outstandings in the party's account at State Bank of India, Bangalore (Shivajinagar) branch were Rs. 356.47 lakhs. The State Bank of India has placed the Manager and the Accountant of the branch under suspension. It has lodged an FIR with local police and has also filed a complaint with the Central Bureau of Investigation. Canara Bank has advised the Reserve Bank of India that it does not find any reason to examine the staff aspect to fix responsibility for the transactions as there has been no lapse and their advances stand fully recovered.

Survey to find out bauxite deposits in Visakhapatnam district in Andhra Pradesh

2394. SHRI ADINARAYANA REDDY: Will the Minister of STEEL, MINES AND COAL be pleased to state:

(a) whether any survey has been conducted recently to find out bauxite deposits in Visakhapatnam District in Andhra Pradesh; and

(b) if so, with what results?